

## Svasti, India

### Indicative Term Sheet

Terms applicable to Non-Convertible Debentures ("NCD")

04 October 2018

---

This Indicative Term Sheet is a summary of the principal terms and conditions in relation to non-convertible debentures. The Issuer of the NCD is asked to appoint an Indian law firm to obtain legal advice in relation to the NCD transaction documents.

**This document does not constitute a legally binding agreement or offer under any applicable law.**

<b>1. Issuer</b>	Svasti Microfinance Private Limited (" <b>Svasti</b> "), India
<b>2. Purchasers of NCD</b>	<p>50% of principal amount: AAV Sarl (Luxembourg), through its Indian custodian Deutsche Bank AG, Mumbai branch, in accordance with Foreign Portfolio Investment (FPI) regulations.</p> <p>50% of principal amount: Masala Investments Sarl (Luxembourg), through its Indian custodian Deutsche Bank AG, Mumbai branch, in accordance with Foreign Portfolio Investment (FPI) regulations.</p> <p>Note: the purchasers are "unrelated" to each another for purposes of the FPI regulations.</p>
<b>3. Servicer</b>	Symbiotics SA
<b>4. Principal amount</b>	<p>INR equivalent amount of up to USD 4,000,000</p> <p><i>The INR amount will be confirmed approximately on 10 business days prior to Issue Date</i></p>
<b>5. Maturity Date</b>	24 months after Issue Date
<b>6. Issue Date (Deemed Date of Allotment)</b>	Fourth quarter of 2018 (date to be confirmed)
<b>7. Issue Price</b>	100.0%
<b>8. Coupon</b>	<p>13.40% p.a., fixed.</p> <p>Day Count Fraction: ACT/ACT</p>

	<p>The Coupon is gross of Indian withholding tax of [5%] (and applicable surcharge thereon).</p> <p>If the Indian withholding tax is modified and increased above 5% (the “WHT Increase”), the Issuer shall – starting on the date when such WHT Increase becomes effective, and for as long as such WHT Increase remains effective – pay an additional amount corresponding to the shortfall, which the debenture holders would have incurred as a consequence of the WHT Increase had the Issuer not paid such additional amount.</p> <p>If the Indian withholding tax is modified and decreased below 5% (the “WHT Decrease”), the Issuer shall – starting on the date when such WHT Decrease becomes effective, and for as long as such WHT Decrease remains effective – deduct an amount corresponding to the excess amount, which the debenture holders would have received as a consequence of the WHT Decrease.</p>
<b>9. Coupon Payment Dates</b>	<p>Semi-annually, on [13] [May] and [13] [November] in each year for the first time on [13] [May] 2019, and on Maturity Date.</p> <p>In relation to each Coupon Payment Date and in relation to each date when any other payment is due by the Issuer under the NCD (each, a “Relevant Payment Date”), the Issuer undertakes to:</p> <ul style="list-style-type: none"> <li>- Send, by e-mail, to the Purchasers or their designated agent, a scan of the duly completed and signed Form 15 CA/CB on the Relevant Payment Date; and</li> <li>- Courier to the Purchasers (or their designated agent), within 3 Business Day after a Relevant Payment Date the original of the duly completed and signed Form 15 CA/CB.</li> </ul>
<b>10. Principal Redemption</b>	Bullet, on Maturity Date.
<b>11. Use of Proceeds</b>	On lending to microfinance clients.
<b>12. Up-Front Fee</b>	<p>An up-front fee equal to 1.0% of the Principal Amount will be payable by the Issuer of the NCD to the Purchasers of the NCD on or about the Issue Date. Up-front fee is subject to gross-up for withholding tax. This fee will be invoiced as due diligence fee for the tenure of the NCD payable up-front.</p> <p>All costs relating to the issuance of the NCD (legal advice,</p>

	<p>financial advice, rating etc.) will have to be met by the Issuer of the NCD.</p> <p><b><i>[Note: this will not be a term of the NCD]</i></b></p>
<b>13. Listing</b>	Not Applicable
<b>14. Ranking</b>	Obligations by the Issuer under the NCD shall rank pari passu with all other senior obligations of the Issuer.
<b>15. Security</b>	<p>The obligations of the Issuer under the NCD will be secured by a hypothecation of loans (and/or other assets) in the form of a fixed charge, whereas the cumulative amount of all assets subject to the hypothecation shall be, at any time, not less than [100%] of the outstanding amounts under the NCD.</p> <p>Eligibility criteria in relation to assets that form part of the hypothecation, at time of inclusion, are:</p> <ul style="list-style-type: none"> <li>- Must be a loan receivable, cash deposit, or money market funds</li> <li>- In case of a loan, no arrears of greater than 30 days must have occurred in relation to such loan</li> <li>- Maximum notional amount of loan of not more than 1% of total on-balance outstanding portfolio.</li> </ul> <p>The Issuer shall create the security on Deemed Date of Allotment. The Issuer shall perfect the security by making the required filings no later than [30] calendar days after Deemed Date of Allotment.</p> <p>The Issuer shall report, on a monthly basis, of the specific assets which are subject to the hypothecation.</p>
<b>16. Early Redemption</b>	<p>Early redemption is possible subject to (a) applicable law; and (b) the prior written approval of the Purchasers of the NCD; (c) must occur on any Coupon Payment Date, but not on any other date, and (d) is subject to a prepayment penalty of 2% of outstanding principal amount.</p> <p>The prepaid principal amount must be of not less than INR 60,000,000.</p>
<b>17. Conditions precedent to NCD purchase</b>	<ul style="list-style-type: none"> <li>- No event or potential event of default</li> <li>- Compliance with all representations and warranties</li> <li>- All governmental and third party approvals or consents</li> <li>- Satisfactory due diligence and internal credit scoring by the Servicer</li> <li>- Successful refinancing by the Purchasers of NCD</li> <li>- Execution of all relevant transaction documents</li> <li>- Satisfactory independent legal opinion regarding</li> </ul>

	<p>enforceability and capacity of Issuer of NCD</p> <ul style="list-style-type: none"> <li>- All financial documentation and reporting as reasonably requested by the Servicer</li> <li>- A rating shall have been assigned to the NCD of not less than [BBB-] by ICRA</li> <li>- [Purchasers of NCD having obtained the “investment limits” required for the transaction]</li> </ul>
<b>18. Events of Default</b>	<p>Upon an event of default, the NCD can (at the discretion of the Purchasers of the NCD) be declared immediately repayable.</p> <p>The Events of Default include:</p> <ul style="list-style-type: none"> <li>- Failure to Pay</li> <li>- Breach of Covenant</li> <li>- Misrepresentation</li> <li>- Breach of Agreement</li> <li>- Cross-Default</li> <li>- Material Adverse Change</li> <li>- Liquidation / Bankruptcy</li> <li>- Creditor’s Process / Court judgment</li> <li>- Unlawfulness</li> <li>- Repudiation</li> </ul>
<b>19. Financial covenants</b>	<p>The Issuer will at all times maintain:</p> <ul style="list-style-type: none"> <li>- Ratio of outstanding amount of this NCD to total assets of not more than [10]%;</li> <li>- Capital Adequacy ratio of not less than [15]%;</li> <li>- Ratio of total debt to total equity of not higher than [7.0] (whereas “total equity” shall include subordinated debt to the extent that such can be accounted for as Tier II capital in accordance with applicable regulations);</li> <li>- Uncovered Capital Ratio below [15]% (defined as the PAR&gt;30days + restructured portfolio minus loan loss provisions divided by Equity);</li> <li>- Less than [5]% of its liabilities and assets in non INR denominated currency;</li> <li>- Ratio of outstanding off-balance sheet portfolio (including asset securitization) to total assets less than [40]%. </li> </ul>
<b>20. Negative covenants</b>	<p>The Issuer will not, without prior written consent of the Purchasers</p> <ul style="list-style-type: none"> <li>- Change its business such that it no longer remains an NBFC;</li> <li>- Undertake any merger, consolidation or reorganization;</li> <li>- Allow for a change of control event in relation to its shareholders (change of control event defined as an event whereby existing shareholders are diluted below 67% of voting rights); and</li> </ul>

	<ul style="list-style-type: none"> <li>- Enter into a single transaction or a series of transactions (whether related or not) to sell, lease, transfer or otherwise dispose of all or substantially all of its assets, other than asset securitizations.</li> </ul>
<b>21. Representations</b>	Standard representations for NCD will apply.
<b>22. Reporting covenants</b>	<p>The Issuer shall provide:</p> <ol style="list-style-type: none"> <li>1. Reporting documentation and due diligence requirements prior to closing and on annual basis as required by the Servicer, including             <ol style="list-style-type: none"> <li>a. Legal and operational documents/information                 <ul style="list-style-type: none"> <li>- Constitutional documents (Articles of Association or bylaws)</li> <li>- Functioning documents (registration, license, etc.)</li> <li>- Shareholding structure</li> <li>- List of board of directors</li> <li>- List of management team including CVs and organizational chart</li> <li>- Any other legal or operational document or information as Symbiotics Research &amp; Advisory may reasonably request.</li> </ul> </li> <li>b. Financial documents/information                 <ul style="list-style-type: none"> <li>- Audited accounts of the last 4 years</li> <li>- Latest business plan and financial projections</li> <li>- Detailed list of sources of funding</li> <li>- Third party rating or external evaluation, if existing</li> <li>- Financial position reports on the last three years to be posted on the Symbiotics online reporting platform at the address <a href="http://www.syminvest.com">http://www.syminvest.com</a>.</li> <li>- Monthly financial position reports for the last three month of the current year to be posted on Symbiotics online reporting platform at the address <a href="https://my.syminvest.com/login">https://my.syminvest.com/login</a></li> </ul> </li> </ol> </li> <li>2. Monthly reporting requirements</li> </ol> <p>Monthly reports to be posted on Symbiotics online reporting platform at the address <a href="https://my.syminvest.com/login">https://my.syminvest.com/login</a> no later than 20 days after the close of each month.</p>
<b>23. Governing law</b>	Indian law. Mumbai jurisdiction.